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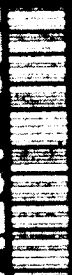
Fact Sheet for the Honorable
Nick J. Rahall, II, House of
Representatives

January 1991

DEFENSE INVENTORY

DOD's Humanitarian Assistance Program

AD-A267 329



93-17031



National Security and
International Affairs Division

B-241003

January 18, 1991

The Honorable Nick J. Rahall, II
House of Representatives

Dear Mr. Rahall:

On February 9, 1990, you asked us to review the Department of Defense's (DOD) Humanitarian Assistance Program and its effect on the utilization and donation programs administered by the General Services Administration (GSA). You also asked us to provide information on the following:

- the quantity and category of excess material and equipment donated through the program on an annual basis;
- the value of these items, based on the acquisition cost or other valuation;
- a list of countries and organizations within those countries that have received excess property;
- the annual costs for transporting excess property; and
- an assessment of how well excess property has been used.

Your office also asked for information concerning other programs that draw on excess DOD property.

Background

The Defense Authorization Act of 1986, 10 U.S.C. 2547, authorized the Humanitarian Assistance Program. Under the program, the Secretary of Defense can make available for humanitarian relief purposes any non-lethal excess supplies in DOD's system. Originally, the purpose of the program was to donate excess property to assist refugee and resistance groups in Afghanistan, in cooperation with the Agency for International Development (AID), and to fly wounded Afghans requiring reconstructive or specialized surgery to the United States and Europe. The first flight of supplies was sent to Pakistan for Afghan relief in March 1986. Subsequently, in 1987 the program was expanded to include noncommunist resistance groups in Cambodia. DOD shipments, mostly by air, were coordinated with AID offices in Pakistan and Thailand. More recently, DOD has transferred excess property to an increasing number of other countries.

DOD's Office of Humanitarian Assistance can distribute nonlethal property for humanitarian purposes on a worldwide basis. The Office can

identify and claim excess property for the program before it is made available to other federal agencies, state and local governments, or other eligible recipients. Property cannot be claimed, however, until it has been declared excess by other DOD components.

Requests for excess supplies and equipment are usually originated by U.S. embassies through the Department of State to DOD. However, some requests have been made directly to DOD from Members of Congress. After DOD fills the request, it ships the property overseas, and then transfers the property to a Department of State representative. The representative in a country receiving the property is responsible for distributing it.

The Defense Authorization Act of 1986 (10 U.S.C. 2547) requires the Department of State to report annually on the disposition of all excess supplies transferred by the Secretary of Defense to the Secretary of State. The Department of State issued its first report on September 28, 1990.

Results in Brief

Our review disclosed the following:

- Neither GSA nor we could determine the impact of the program on GSA's utilization and donation programs because much of the property is claimed by the Humanitarian Assistance Program before it becomes available to GSA.
- About 2.8 million nonlethal items were donated to foreign countries from fiscal years 1986 through 1989. The largest category of items donated, excess clothing and individual equipment, accounted for 58 percent of the total quantity and 55 percent of the dollar value of the humanitarian aid donated.
- These items were valued at \$48.8 million based on the acquisition cost of the items.
- Overall, about 39 countries have received property through the program. Afghan and Cambodian refugees are the largest recipients, receiving about 80 percent of the donated property.
- From fiscal years 1986 through 1989, about \$46 million was used to provide transportation and support for the program, or an average of \$11.5 million annually.
- Generally, reports indicated that the excess property has been used well and has filled real needs in the recipient countries.

Appendix I contains more specific information on each of these areas.

Scope and Methodology

We obtained information about property donated through the Humanitarian Assistance Program from the Defense Logistics Agency, Office of the Secretary of Defense, Department of State, and AID. We interviewed officials responsible for managing the program, reviewed applicable documents, and analyzed data on the quantity and type of material and equipment provided. We also analyzed a computer tape of transactions obtained from the Defense Reutilization and Marketing Service. However, we did not independently verify the data. We interviewed officials of GSA and the National Association of State Agencies for Surplus Property.

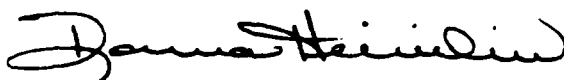
As requested, we did not obtain written agency comments on this fact sheet. However, we discussed its contents with responsible agency officials and they generally agreed with our presentation of the facts. We have included their comments where appropriate.

We conducted our work from March 1990 through November 1990 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 7 days from its issue date. At that time, we will send copies to the Chairmen, House and Senate Committees on Armed Services and Appropriations; House Committees on Foreign Affairs and Government Operations; the Secretaries of Defense and State; the Director, Defense Logistics Agency; and other interested parties. We will make copies available to others upon request.

Please call me on (202) 275-8412 if you or your staff have any questions concerning this fact sheet. The major contributors to this fact sheet are listed in appendix II.

Sincerely yours,



Donna M. Heivilin
Director, Logistics Issues

Information Regarding Property Donated Through the Department of Defense Humanitarian Assistance Program

Impact on Other Donation Programs

Neither the General Services Administration (GSA) nor we could determine with any precision the impact of the Humanitarian Assistance Program on GSA's utilization and donation programs for the following reasons:

- Program officials claim the property from Department of Defense (DOD) excess inventories before it is reported or made available to GSA for distribution to other federal and state agencies.
- Program reports do not include any dollar value of the property donated to foreign countries.
- The amounts and values of excess property available over the years and drawn by state agencies and others under GSA donation programs have varied significantly.

GSA believes the program has had a direct impact on its excess and surplus programs, but the extent of the impact has been difficult to assess because complete accounting for the property has not been available.

According to DOD officials, a comparison of the Humanitarian Assistance Program and the states' program for accessing excess property from the defense logistics system shows that the Humanitarian Assistance Program withdrawals were relatively small. Table I.1 compares how much excess property state agencies and the program have received over 4 fiscal years.

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Through the Department of Defense
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Table I.1: Comparison of DOD Excess Property Withdrawn by State Agencies and the Humanitarian Assistance Program (Fiscal Years 1986 Through 1989)

Fiscal year	Amount	Percentage by value
1986		
State agencies	\$238,650,861	98.0
HAP	4,913,154	2.0
		100.0
1987		
State agencies	252,995,999	96.3
HAP	9,680,037	3.7
		100.0
1988		
State agencies	286,111,470	94.7
HAP	16,077,577	5.3
		100.0
1989		
State agencies	261,192,792	93.7
HAP	17,658,000	6.3
		100.0

Note: HAP is the Humanitarian Assistance Program.

Even though the program has only withdrawn a small percentage of DOD's excess property, much of it was among the best property available, including much sought-after heavy construction equipment. Program guidelines require that all property be in new or ready-to-use condition. Perishable items, such as medicine and food, must be new and have enough shelf-life left to allow for shipment and distribution. Equipment must be in safe operating condition before it is shipped, and items such as clothing and sleeping bags can only have minimal tears or rips. About 60 percent of the program's withdrawals consisted of food and clothing. A portion of the program's \$13-million annual transportation and support budget is used to repair equipment when necessary.

According to an official of the National Association of State Agencies for Surplus Property, program officials have been screening and claiming the best property as soon as, or even before, it becomes excess, even if they do not have designated recipients. We could not verify this statement. However, GSA officials said that they have met with Humanitarian Assistance Program officials on several occasions, who have orally agreed to screen property only during the internal DOD screening time frame. Additionally, program officials have reportedly agreed to fill their requirements, to the extent possible, from overseas sources of

excess equipment, particularly heavy equipment, to reduce competition with the states.

According to GSA officials, under existing legislation, various nonfederal recipients, both domestic and foreign, can acquire federal excess and surplus property before state agencies. Some Members of Congress and local government officials have expressed concern about this arrangement. According to these Members of Congress, donating excess DOD property to foreign governments is questionable if it is needed by state and local government entities that cannot afford to buy new equipment because of shrinking tax revenues.

GSA reported that as program officials and state agencies try to obtain the same types of excess property, the Humanitarian Assistance Program is likely to affect GSA's donation programs. However, GSA also reported that it expects to transfer over \$500 million of surplus property to state agencies in fiscal year 1990, with the transfers likely to increase as DOD considers reductions in forces. Program officials said that they expect to donate about \$20 million of excess property in fiscal year 1990.

Quantity of Donated Property

The Defense Logistics Services Center in Battle Creek, Michigan, provided us data on the quantities and monetary value of property withdrawn by the program. Table I.2 lists quantities of humanitarian aid provided from DOD excess property inventories, by major categories, for fiscal years 1986 through 1989. According to DOD data, the program withdrew about 2.8 million items from fiscal years 1986 through 1989 for donation to foreign countries. About 1.6 million items were in DOD's category of clothing and individual equipment. This category includes such items as new or used shirts, trousers, coats, gloves, belts, and sleeping bags. The quantities could represent single items, pairs, boxes, packages, lots, or cartons.

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Table I.2: Selected Quantities of Stocks Withdrawn From DOD Excess Inventories for the Humanitarian Assistance Program by Fiscal Year

Category	Fiscal year				Total	Percent
	1986	1987	1988	1989		
Clothing and individual equipment	215,381	391,846	679,405	352,454	1,639,086	58.3
Textile, shoes, and tents	5,166	1,588	85,700	175,304	267,758	9.5
Medical equipment and supplies	11,560	52,523	42,667	91,167	197,917	7.0
Household furnishings	6,673	30,184	59,840	22,015	118,712	4.2
Hand tools	7,049	31,814	50,014	24,399	113,276	4.0
Subsistence (food)	24	55	40,077	54,477	94,633	3.4
Camouflage netting	16	26,326	3,190	8	29,540	1.1
Electrical wire and power equipment	159	1	30	17,680	17,870	0.6
Instrument and lab equipment	92	178	1,193	1,602	3,065	0.1
Vehicles and heavy construction equipment	0	0	36	203	239	0
Subtotal	246,120	534,515	962,152	739,309	2,482,096	88.2
Other	4,285	230,310	39,224	56,924	330,743	11.8
Total	250,405	764,825	1,001,376	796,233	2,812,839	100.0

Note: Some of the property drawn from DOD inventories, such as medical supplies and food, were new or unused. Other property, such as clothing, equipment, hand tools, and construction equipment, were used, but were inspected, repaired if necessary, and determined to be serviceable and ready for issue.

Source: Defense Logistics Services Center, Battle Creek, Michigan.

Value of Donated Property

According to program data, approximately \$48.8 million of excess property, based on acquisition cost, was donated to foreign countries from fiscal years 1986 through 1989. The top 10 commodity categories amounted to 95 percent of the dollar value of items donated. The excess clothing and individual equipment category accounted for 55 percent of the total aid. Table I.3 lists the top 10 categories.

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Table I.3: Value of Excess DOD Stocks Donated Through the Humanitarian Assistance Program by Fiscal Year

Category	Fiscal year				Total	Percent
	1986	1987	1988	1989		
Clothing and equipment	\$4,081,523	\$7,432,670	\$10,310,980	\$5,040,306	\$26,865,479	55.1
Vehicles and heavy construction equipment	0	0	1,437,510	4,402,253	5,839,763	12.0
Medical equipment and supplies	166,945	862,681	889,679	1,371,248	3,290,554	6.7
Subsistence (food)	183	2,230	64,293	2,304,922	2,371,627	4.8
Hand tools	67,760	481,052	894,046	536,218	1,979,076	4.1
Household furnishings	170,484	461,989	840,516	343,534	1,816,523	3.7
Camouflage netting	2,386	429,417	959,330	3,600	1,394,733	2.9
Textile, shoes, and tents	64,421	273,964	368,203	504,963	1,211,551	2.5
Instrument and lab equipment	75,788	28,666	38,429	771,849	914,732	1.9
Electric wire and power equipment	10,729	2,000	24,877	541,151	578,757	1.2
Subtotal	4,640,219	9,974,668	15,827,864	15,820,044	46,262,795	94.9
Other	272,942	118,262	249,876	1,858,123	2,499,203	5.1
Total	\$4,913,161	\$10,092,930	\$16,077,740	\$17,678,167	\$48,761,998	100.0

Note: Some of the property drawn from DOD inventories, such as medical supplies and food, were new or unused. Other property, such as clothing, equipment, hand tools, and construction equipment, were used, but were inspected, repaired if necessary, and determined to be serviceable and ready for issue.

Source: Defense Logistics Services Center, Battle Creek, Michigan.

Neither program nor Defense Logistics Agency records disclose the value of excess property donated to each recipient country. According to program officials, a management decision was made at the beginning of the program not to track the value of excess property donated to each country. Rather, they decided to report only the description and quantity of the property donated to each country. They said this decision is being reviewed and a revised reporting system will likely include the value, as well as the description and quantity of property, donated to each country.

Recipients of Donated Property

Although the first excess property airlift of humanitarian aid in March 1986 was limited to Afghan refugees, the program was expanded to include 39 countries by the end of fiscal year 1990. However, program officials said that Afghan and Cambodian refugees received about 80 percent of the humanitarian assistance from fiscal years 1986 through 1989.

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In fiscal year 1986, the Congress appropriated \$10 million for the purpose of providing transportation for humanitarian relief for people displaced or who are refugees resulting from the invasion of Afghanistan. In the conference report, the conferees made two critical decisions about the administration of the program. First, they agreed that the program could also be utilized to transport war-wounded Afghan individuals for medical treatment. Second, they also agreed that the Department of State should be responsible for distributing humanitarian relief within the country, as they did not want to create a new foreign aid or refugee assistance program within DOD.

Beginning in March 1986, Air Force cargo planes made an average of two trips per month to Islamabad, Pakistan, to deliver DOD excess property (e.g., blankets, clothing, sleeping bags, medical supplies, and 12 ambulances), transport war-wounded Afghan patients to U.S. and European hospitals for free medical treatment, and return patients after treatment. As of June 1990, DOD had flown 97 airlift missions to Pakistan.

In early 1987, a Member of Congress asked if DOD could donate and transport excess property to El Salvador. At about the same time, the Deputy Assistant Secretary of Defense, East Asia and Pacific, asked a similar question regarding the Cambodian noncommunist resistance. In response to these inquiries, the Office of the Secretary of Defense General Counsel concluded that DOD had authority to ship excess property worldwide using the combined authorities of 10 U.S.C. 2547.

In April 1987, DOD sent its first excess property shipment to the Cambodian resistance and made seven other shipments in 1987, 1988, and 1989. Since January 1990, two C-5 airlift missions have been completed. In May 1990, the program began to ship four seavans per month of excess property to the Cambodian resistance.

On the basis of the General Counsel's conclusions regarding worldwide authority, DOD has responded to a number of requests from the Congress, U.S. ambassadors, and military commanders for humanitarian assistance in the form of excess DOD property. In all, 39 nations have benefited from this program. Based on program information, table I.4 lists these 39 countries.

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Table I.4: Countries That Received
Excess Property (Fiscal Years 1986
 Through 1990)

Afghanistan (via Pakistan)	Micronesia
Argentina	Nepal
Bangladesh	Nicaragua
Belize	Niger
Bolivia	Panama
Bulgaria	Paraguay
Cambodia	Peru
Cameroon	Philippines
Chad	Poland
El Salvador	Romania
Equatorial Guinea	Sao Tome
Gambia	Sierra Leone
Honduras	Somalia
Hungary	Thailand
Ivory Coast	Togo
Jamaica	Tunisia
Jordan	Uruguay
Liberia	Union of Soviet Socialist Republics
Malawi	(Soviet Armenia)
Mexico	Yemen Arab Republic

Annual Transportation and Support Costs

For the past 5 years, the Office of Humanitarian Assistance has received an annual appropriation for transportation and support costs. A portion of the program's appropriation is transferred to the Department of State for expenses related to the transportation and distribution of property by Agency for International Development (AID) representatives within the recipient country. The Department of State has a memorandum of understanding with AID specifying the terms and conditions of the use of the funds. The memorandum requires that a report be prepared by AID and furnished to the Department of State annually showing expenditures.

Of the \$59 million appropriated for humanitarian assistance over the past 5 years, \$45 million was obligated by DOD for transportation and support costs, \$13.8 million was transferred to the Department of State, and \$155,000 was sequestered and not spent. Table I.5 shows the breakdown of the program's appropriations, transfers, sequestration, and obligations.

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Table I.5: Schedule of Program Appropriations and Dispositions (Fiscal Years 1986 Through 1990)

Dollars in thousands

	Fiscal year					Total
	1986	1987	1988	1989	1990	
Appropriation	\$10,000	\$10,000	\$13,000	\$13,000	\$13,000	\$59,000
Transfer to Department of State	2,500	2,500	3,000	3,000	2,845	13,845
Sequestration ^a	0	0	0	0	155	155
Obligated	7,500	7,500	10,000	10,000	10,000	45,000
Total	\$10,000	\$10,000	\$13,000	\$13,000^b	\$13,000	\$59,000

^aAmount of funding reduced by Gramm-Rudman for budget deficit management

^bThe total used between fiscal years 1986 through 1989 was \$46 million.

According to program officials, the bulk of expenditures has been for airlift transportation, although sealift and surface transportation, as well as support, repair, administration, inspection, and packing costs are also included. Reported estimated expenditures for transportation and support for each fiscal year are shown in table I.6.

Table I.6: Estimated Expenditures by Fiscal Year

Dollars in thousands

	Fiscal year					Total
	1986	1987	1988	1989	1990	
Airlift transport	\$1,790	\$3,301	\$7,149	\$7,569	\$4,723	\$24,532
Sealift transport	0	0	763	542	2,920	4,225
Surface transport	75	150	200	250	382	1,057
Repairs	0	0	165	622	696	1,483
Inspect and Package	0	316	250	240	731	1,537
Administration	50	75	100	107	250	582
Transfer to Pakistan ^a	0	1,000	0	0	0	1,000
Total	\$1,915	\$4,842	\$8,627	\$9,330	\$9,702	\$34,416

^aFunds transferred to the government of Pakistan for transportation and support costs within the country.

Note: Total expenditures are lower than total appropriations in table I.5 because \$13.8 million was transferred to the Department of State and payments for transportation and other support costs are made some time after services are provided.

Assessment of How Well Property Is Used

The program office does not regularly assess how well recipient countries have used the property. However, State and AID officials provided assessments of the Afghan and Cambodian programs, the two largest aid recipients. Program officials participated in these assessments.

Afghanistan

In March 1986, the first flight of property for Afghanistan arrived in Pakistan. Because the managing organizations were relatively new, numerous problems occurred in the quality of the materials delivered. However, the types of property donated under the program since the first shipment have changed significantly. Until September 28, 1988, 82 percent of the cargo was clothes and miscellaneous items. Since then, 33 percent has been medical equipment and supplies provided by private organizations or DOD. In June 1989, 12 pieces of heavy equipment were sent and more is badly needed to meet the immediate and long-term needs of the program, according to the program assessment done by AID in 1989.

The program assessment also reported that the Humanitarian Assistance Program complements the AID's Afghanistan Cross Border Humanitarian Assistance Program because it has priority access to DOD excess property, can use DOD-funded regular airlift to deliver the material and equipment, and enables AID to have more transportation capabilities to and within Afghanistan.

According to an AID official, the program helps supplement other larger AID programs. For example, in one case, Afghans were able to use some heavy equipment donated through the program to work on the roads and keep their supply lines open because other AID programs provided maintenance and parts for the equipment. Normally, AID maintains control of higher value equipment outside Afghanistan's border. It sends the equipment into the country and then brings it back to the storage depots. Overall, the program has helped supplement other AID programs and helped meet some critical needs. However, because the United States is unable to monitor property that is sent into Afghanistan, it is difficult to fully assess how well all the property has been used.

Cambodia

The first two flights of property for Cambodia arrived in Thailand in September 1987 and contained "a little of everything and not too much of anything," according to assessment documents. The equipment has been older models, unneeded by European or U.S. bases, that could be rehabilitated and used by recipient countries. Other property included

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medical supplies, binoculars, flak jackets, generators, and camouflage pants.

In the first year of the program, some useless or old property was sent to recipients, and management controls and accountability were lacking. For example, some bandages were so old they were not sterile, so they were used for absorbent toweling. On the other hand, out-of-date generators were rehabilitated before they were shipped. By October 1986, the problems with quality and management were solved. Overall, property recipients have been positive about the program, and the program is filling real needs, ones that would have been filled at much greater costs by other programs. The program has been the main source of major equipment for the operating room, x-ray facility, dental clinic, and laboratory at one hospital and training facility.

According to the Department of State, as of June 1990, DOD has provided maintenance manuals for the equipment donated to Cambodia and has been able to identify the parts needed to repair the equipment. Spare parts are available on the market in Thailand (where the property was shipped) and from the DOD excess property yard in Okinawa, Japan.

According to an AID official, although the amount of property donated through the program is only a small percentage of the overall aid, Cambodia uses almost all of the property that it receives. For example, amputation kits donated through the program are routinely used because of the number of people who lose limbs on explosive mines.

Other Countries

In addition, at our request, the Department of State sent cables to U.S. embassies in Chad, Pakistan (for Afghanistan), Uruguay, Sierra Leone, the Philippines, and Thailand (for Cambodia) requesting information on utilization of property donated. Overall, according to AID and Department of State officials, the recipient countries have made good use of the property. For example:

- According to the Department of State, Chad has effectively used DOD excess property and urged that the donations be continued. State reported that Chad needs the road tractors and scrapers that will be delivered in the second quarter of fiscal year 1991, since the country only has 30 miles of paved roads. Chad reportedly has the trained personnel to operate and maintain the equipment.

- The Philippines have received over 70 vehicles and an assortment of heavy equipment, such as generators, trailers, and cranes, that went primarily to boarding schools, hospitals, and a few community development organizations. One specialized vehicle is being used for erecting power line poles in a rural electrification program. In March 1988, program officials authorized a private voluntary organization to screen and select excess DOD stocks. After the organization identified the property and obtained approval from the Department of State, the organization would take custody of the stocks for distribution to Philippine recipients. In February 1990, according to DOD, the organization was suspended because of unresolved issues. Since then, AID has distributed property in the Philippines. Overall, however, the Department of State reported that the program has been valuable in assisting Philippine development.

Other Related Programs

Humanitarian Assistance Program officials identified three other programs in addition to theirs that also withdraw DOD excess property before GSA can make the property available to other federal departments and agencies that may need the excess property. The Defense Security Assistance Agency administers and coordinates two programs, and the Regional Equipment Center, a nonprofit Pennsylvania corporation, has one program.

Under the first program, called the Southern Regional Amendment Program, excess U.S. equipment in Europe is provided to base rights countries in southern Europe and to countries designated as key non-North Atlantic Treaty Organization allies—currently Egypt and Israel. In fiscal year 1990, over 700 M60A1 tanks, 1,939 trucks, and 181 ambulances were offered to eligible countries. According to DOD, this equipment became available as a result of normal modernization plans of the armed forces. The Defense Security Assistance Agency coordinates this effort.

Under the second program, the International Narcotics Control Program, up to \$10 million annually per country may be withdrawn from excess defense articles to support eligible countries in Latin America and the Caribbean in their antinarcotics activities. The Agency coordinates this program.

The third program identified appears under Public Law 101-302, section 210, Dire Emergency Supplemental Appropriations Act of 1990. It is an

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infrastructure improvement demonstration program and was established between DOD and the Regional Equipment Center, Newport Township, Pennsylvania. According to the agreement between DOD and the Center, the Defense Logistics Agency identifies excess heavy equipment and machinery that are available for transfer to the Center. The Center, under the infrastructure improvement demonstration program, ensures that the excess heavy equipment and machinery is used only for the benefit of federal, state, and local governmental bodies and nonprofit organizations. The agreement was prepared in June 1990, has a life of 5 years, and will expire in June 1995.

Major Contributors to This Report

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